		IC 6			
$1 \mid$	Janet M. Herold Regional Solicitor	JS-6			
2	Daniel J. Chasek Associate Regional Solicitor				
3	Susan Seletsky, Attorney (CSBN #176106) Office of the Solicitor				
4	Office of the Solicitor United States Department of Labor				
5	United States Department of Labor 350 So. Figueroa St., Suite 370 Los Angeles, California 90071-1202				
6	Telephone: (213) 894-4983 Facsimile: (213) 894-2064				
7	seletsky.susan@dol.gov				
8	Attorneys for the Plaintiff				
9	UNITED STATES DISTRICT COURT				
10	CENTRAL DISTRICT OF CALIFORNIA				
11	CENTRAL DISTRICT	OF CALIFORNIA			
12	HILDA L. SOLIS,) Case No.: CV 12-8068 CAS (JEMx)			
13	HILDA L. SOLIS, Secretary of Labor, United States Department of Labor,				
14	Plaintiff,				
15	v.	CONSENT JUDGMENT			
16	CMR CLOTHING, INC. doing business as				
17	CMR CLOTHING, INC. doing business as COLOR ME RED,	\(\)			
18	Defendant.	<i>)</i> —			
19	Plaintiff Hilda L. Solis, Secretary of La	bor, United States Department of Labor			
20	("Secretary"), and Defendant CMR Clothing, Inc. doing business as Color Me Red ("De-				
21	fendant"), have agreed to resolve the matters in controversy in this civil action and con-				
22	sent to the entry of this Judgment in accordance	herewith:			
23	A. The Secretary has filed a Compla	int alleging that the Defendant violated			
24	provisions of Sections 15(a)(1), 29 U.S.C. § 215	5(a)(1) of the Fair Labor Standards Act of			
25	1938, as amended ("FLSA"):				

C. The Defendant waives issuance and service of process and waives answer

The Defendant has appeared by counsel and acknowledges receipt of a copy

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B.

of the Secretary's Complaint;

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27 28 and any defenses to the Secretary's Complaint;

- The Secretary and Defendant waive Findings of Fact and Conclusions of Law, and agree to the entry of this Consent Judgment in settlement of this action, without further contest;
- E. The Defendant admits that the Court has jurisdiction over the parties and subject matter of this civil action and that venue lies in the Central District of California.

It is therefore, upon motion of the attorneys for the Secretary, and for cause shown,

ORDERED, ADJUDGED, AND DECREED that the Defendant, its officers, agents, servants, and employees and those persons in active concert or participation with it who receive actual notice of this order (by personal service or otherwise) be, and they hereby are, permanently enjoined and restrained from violating the provisions of Section 15(a)(1), 29 U.S.C. § 215(a)(1) of the Fair Labor Standards Act of 1938, as amended ("FLSA"), in any of the following manners:

- 1) Defendant shall not, contrary to FLSA § 15(a)(1), 29 U.S.C. § 215(a)(1), transport, offer for transportation, ship, deliver, or sell in commerce (or ship, deliver, or sell with knowledge or reason to believe that shipment, delivery, or sale in commerce is intended) goods in the production of which any employee (of the Defendant or other(s)) has been employed in violation of the FLSA's minimum wage (29 U.S.C. § 206) or overtime pay provisions (29 U.S.C. § 207);
- Defendant shall not fail to disgorge, from the gross proceeds of its having 2) sold or shipped in commerce goods that had been worked on by employees of CUI Sewing, Inc. and Silver Apparel, Inc. who were not paid the minimum wage and overtime required by the FLSA, 29 U.S.C. §§ 206 and 207, an amount sufficient to cover the back wages due to these employees under the FLSA. The amount hereby found due to these employees is \$28,609.77 for the period from February 10, 2012 through August 7, 2012.

The names of the employees to whom backwages are owed, and the gross backwage amount due to each is set forth on the attached Exhibit 1. Defendant previously

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deposited an amount sufficient to cover the backwages due with the Wage and Hour Di-1 2 3 4 5 6 7 8 9

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vision. The Secretary shall allocate and distribute the remittances, or the proceeds thereof, after deducting the amount of legal deductions and forwarding said funds to the appropriate agencies, to the persons named in the attached Exhibit 1, or to their estates if that be necessary, in her sole discretion, and any money not so paid within a period of three years from the date of its receipt, because of an inability to locate the proper persons or because of their refusal to accept it, shall be deposited by the Secretary in a special deposit account for payment to the proper persons and upon such inability to pay within 3 years, shall then be deposited in the Treasury of the United States, as miscellaneous receipts, pursuant to 29 U.S.C. § 216(c);

Within 45 days of the entry of this Judgment, Defendant shall hire an independent third party monitor, acceptable to the Secretary, to monitor all of its sewing, cutting, finishing, trimming and printing contractors (hereafter "contractor(s)") to enforce the contractors' compliance with the FLSA. The monitor shall not be considered independent if it represents either the manufacturer or contractor involved in this action in any dealings with other parties or the Department of Labor.

The monitoring program shall include the following components:

- Random and unannounced site visits to the contractor, at least on a quarterly basis;
- B. Review of the contractor's timecards and payroll records on at least a quarterly basis;
- C. Private and confidential interviews of at least 20% of the current employees to determine the hours they work and the wages they are paid. The names of the employees who are interviewed shall not be disclosed to the employer. At least one half of the interviews shall be done off work premises;
- D. Disclosure to the contractor and Defendant of any FLSA compliance issues revealed by the monitoring without revealing the names of employees who provided the information;

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- E. Review of the contractor's garment registration to determine if the contractor is operating under a valid garment registration;
- F. The Defendant shall not take any adverse action against any employee who cooperates with the monitor or who provides information about violations of the FLSA.

The monitor shall produce written reports of its findings which must address each of the subjects required under this paragraph. Defendant shall maintain these reports for a period of three years and supply copies to representatives of the Secretary of Labor upon their request.

- 4) Where the monitor identifies FLSA violations, Defendant shall ensure that such violations are corrected within ten business days, including calculation and payment to employees of any backwages owed. Defendant shall notify the Department of Labor when such violations are found and the corrective measures taken. The monitor shall be able to access the contractor's bond (see paragraph 8, set forth below) if necessary.
- 5) On at least a quarterly basis, Defendant shall conduct a pricing analysis of a representative sample of garments produced at each contractor's shop to determine whether the fees it pays to its contractors for their work on Defendant's goods are sufficient in light of the wage requirements of the FLSA. The pricing analysis shall be conducted using the pricing template attached as Exhibit 2. This analysis may be done by the monitor, Defendant or an independent party. Defendant must incorporate the results of this pricing analysis into the rates it pays to its contractors. Defendant shall maintain documentation of these analyses and the measures it took as a result of these analyses for a period of three years and provide it to representatives of the Secretary of Labor upon their request;
- 6) Defendant shall require all contractors with whom it does business, who are subject to the garment registration requirements of the State of California, to maintain a valid garment registration. Defendant shall not do business with any garment contractor

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without a valid registration;

- 7) Defendant shall require all sewing contractors with whom it does business to provide it with copies of the contractors' time and payroll records no later than one month after the period worked as reflected on the records; i.e., the contractor must submit the records for workweek ending 9/01/12 no later than 10/01/12;
- 8) Within 60 days of entry of this Judgment, Defendant shall require all sewing contractors with whom it does business to have obtained a bond in the amount of \$30,000 or one month's payroll, whichever is more. The bond must be available to pay backwages to employees in the event violations are discovered by the Defendant, the monitor, or the Department of Labor. The contractor must maintain this bond throughout the duration of its work for the Defendant. After 60 days of entry of this Judgment, Defendant shall not enter into any new contract with, extend any contract of or provide any work to any sewing contractor who has not obtained the bond required under this provision.
- 9) Defendant shall discuss the following subjects with the owner or top management official of all contractors with whom it does business in order to assess the contractor's willingness and ability to understand and comply with the FLSA prior to entering into any agreement with the contractor for its services and on a quarterly basis thereafter. Defendant shall maintain for a period of three years documentation showing that these subjects have been discussed and produce this documentation to representatives of the Secretary of Labor upon their request:
 - A. The terms of the FLSA, including the contractor's obligation to pay minimum wage and overtime and maintain accurate records of the hours worked by and wages paid to its employees;
 - B. How to calculate overtime when employees are paid on a piece rate basis. The attached Exhibit 3 contains examples of minimum wage and overtime calculations;
 - C. Whether the proposed price terms are such that the contractor will be

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able to comply with the FLSA's minimum wage and overtime requirements;

- D. The contractor's willingness and ability, in light of the contractor's prior compliance history, involvement in the industry and financial resources, to understand and comply with the FLSA;
- E. The contractor's obligation to inform Defendant immediately whenever the contractor is unable to meet any requirement of the FLSA;
 - F. The results of the monitoring and pricing analyses;
- G. The contractor's obligation to maintain true and accurate payroll records, and records of hours worked by all persons who work on goods produced for the Defendant;
- H. Defendant must notify its contractors that it shall not conduct business with any contractor who is unwilling or unable to comply with the FLSA and the terms of this Judgment.
- Defendant shall supply copies of the documentation required by this paragraph to representatives of the Secretary of Labor upon their request;
- 10) Defendant shall maintain for a period of three years copies of all cutting tickets issued to their sewing contractors and supply copies of these records to representatives of the Secretary of Labor upon their request;
- 11) Defendant shall maintain records of all shipments made to retailers for at least three years from the date the shipment was made and supply copies of these records to representatives of the Secretary of Labor upon their request;
- 12) Defendant shall supply all of its contractors with copies of the attached Exhibit 4, which summarizes terms of this Judgment and the employees' rights under the FLSA. The English, Spanish and Korean versions are attached. Defendant shall ensure that its contractors distribute a copy of Exhibit 4 to each of their current employees within 30 days of entry of this Judgment, in the employees' native languages, provide copies to all new hires, and post a copy at each of its contractor's establishments
 - 13) Defendant shall maintain records of all complaints it receives from employ-

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ees of its contractors and produce them to representatives of the Secretary of Labor upon 1 2 their request; and it is further 3 ORDERED that each party shall bear its own fees and other expenses incurred by such party in connection with any stage of this proceeding, including but not limited to 4 attorneys' fees, which may be available under the Equal Access to Justice Act, as 5 amended; and, it is further 6 7 ORDERED that this Court retains jurisdiction of this action for purposes of enforcing compliance with the terms of this Consent Judgment. 8 Rhristine a. Snyde 9 Dated: October 25, 2012 10 U.S. DISTRICT COURT JUDGE 11 For the Defendant: 12 The Defendant hereby appears, waives any defense herein, consents to the entry of 13 this Judgment, and waives notice by the 14 Clerk of Court: 15 By: _ 16 JOONHO JANG Date 17 President, CMR Clothing, Inc. 18 Attorneys for the Defendant 19 LAW OFFICES OF J.J. KIM & ASSOCIATES 20 21 Mr. J.J. KIM 22 Date Law Offices of J.J. Kim & Associates 23 9252 Garden Grove Blvd., Suite 23 24 Garden Grove, CA 92844 Tel: (714) 530-4300, Fax: (714) 530-4333 25 26 Attorneys for the Defendant 27 28

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Exhibit 1

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2 3	Last Name	Eine Mana	Devied Coursed	C.	A
4	Last Name	First Name	Period Covered	Du	oss Amount e
5	Herrera	Bertoldo	07/27/2012 - 08/03/2012	\$	71.25
6	Perez	Sandra	03/23/2012 - 08/03/2012	\$	712.55
7	Benedeth	Luis	02/10/2012 - 08/03/2012	\$	384.22
8	Chay	Micaela	02/10/2012 - 08/03/2012	\$	1,491.35
9	Cos	Juana	02/10/2012 - 06/15/2012	\$	1,836.71
10	Barrios	Jose	02/10/2012 - 08/03/2012	\$	946.11
11	Gomez	Diego	02/10/2012 - 07/27/2012	\$	870.09
12	Gonzales	Mario	02/10/2012 - 08/03/2012	\$	513.40
13	Gonzales	Oseas	02/10/2012 - 08/03/2012	\$	584.56
14 15	Gonzales	Victor	02/10/2012 - 08/03/2012	\$	1,420.17
16	Hernandez	Antonio	02/10/2012 - 08/03/2012	\$	764.89
17	Hernandez	Elmer	05/04/2012 - 08/03/2012	\$	291.63
18	Hernandez	Estel	02/10/2012 - 08/03/2012	\$	439.44
19	Hernandez	Rosa	02/10/2012 - 08/03/2012	\$	1,884.48
20	Hernandez	Rubelino	02/10/2012 - 08/03/2012	\$	431.75
21	Hernandez	Santos	02/10/2012 - 08/03/2012	\$	1,438.63
22	Huinac	Maximo	02/10/2012 - 08/03/2012	\$	1,614.19
23	Isabel	Veronica	02/10/2012 - 08/03/2012	\$	1,205.54
24	Jr. Tomas	Andreas	02/10/2012 - 08/03/2012	\$	728.27
25	Lopez	Domingo	02/10/2012 - 08/03/2012	\$	422.59
26	Hernandez	Oscar	02/10/2012 08/02/2012	\$	2,245.82
27	Lopez	Oscar	02/10/2012 - 08/03/2012	\$	377.91
28	Luna	Fabiola	02/10/2012 - 08/03/2012	\$	425.02
	Maza	Norma	02/10/2012 - 08/03/2012		

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Ortiz	Blanca	06/01/2012 - 08/03/2012	\$ 681.82
Oxlaj	Maurisio	05/25/2012 - 07/06/2012	\$ 439.01
Paxtor	Alberto	02/10/2012 - 08/03/2012	\$ 2,055.98
Saquich	Juan	02/10/2012 - 08/03/2012	\$ 785.12
Vasques	Pedro	02/10/2012 - 08/03/2012	\$ 2,003.12
Vasquez	Rosaria	02/10/2012 - 08/03/2012	\$ 1,142.03
Zetina	Luis	02/10/2012 - 08/03/2012	\$ 402.10

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Average Minutes

15

4 Labor Cost Per Gar-

\$2.00

Labor Cost Plus Taxes

and Workers Compensation and Unemploy-

ment

ment Minimum Wage No Taxes or Insurance

Pieces Per Hour One

Worker

Exhibit 2 1 **Garment Pricing** 2 Template 3 **Current State Minimum Wage** \$8.00 4 **Garment Type** 5 Insert Garment Type for whole garments. Add a description if only par-6 tial production or finishing to describe the task. 7 **Minutes** and Se-Minutes and 8 Minutes and Se-Seconds 2nd conds 3rd conds 1st Attempt Attempt Attempt 9 10 Start by having an average skilled 11 worker produce one piece (or portion thereof) from the purchase or-12 der timing it with a stopwatch three times. Record the results to your 13 right. If one of the attempts yields an extremely different result then 14 disregard that attempt and make another sample. 15 Finally, in the 4th column to the right add up the minutes and seconds for 16 each attempt and divide by 3 to arrive at the Average Minutes to pro-17 duce a garment in whole or part as required by the purchase order. 16.5 14.5 14 18 19 Determine how many garments can 20 be produced in one hour by dividing 60 minutes by the average number 21 of minutes to produce a garment. 22 23 Divide the state minimum wage of 24 \$8/hr by the number of garments that a worker can produce in one 25 hour to determine the minimum wage labor cost. 26 27 28

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1	Estimated cost of workers compensation insurance, unemployment		
2	insurance and employer FICA is 30%	\$2.60	
3	30%	Pieces Per Day O	ne
4		Worker	
5	Mutiply the pieces per hour for one gament worker by 8 to determine		
6	how many pieces one worker can produce in one day.	32	
7		Worker Fatig	ue
8	The number of pieces per day per worker will be reduced by 10% to		
9	reflect 90% efficiency accounting for worker fatigue.	28.8	
10		The Number of W ers Assigned to F	_
11		duce this Item	
12	Input the number of workers	20	
13		Pieces Per Shop Day	One
	Multiply the number of garments produced by one worker per day by		
14	the number of workers producing		
15	that garment to estimate daily production.	576	
16		Total Pieces Req by Purchase Ord	
17	Enter the number of pieces per pur-		
18	chase order	3000 Labor Cost Per J	nh.
19		Minimum Wage	OD .
20	Multiply the total number of pieces required by the Labor Cost Per		
21	Garment with taxes and insurance	\$7,800.00 Number of 8 Hou	- Davs
22		to Finish the Ord	
23	Divide the total number of pieces required by the purchase order by		
24	the total pieces your shop can produce in one 8 hour day.	5.21	
25	4400 11. 51.0 5 11.5	Number of Days	You
26		Have to Produce Order	
27	If this number is less than the num-		
	ber of 8 hour days you must factor in overtime. See the next row below		
28	for OT costs.	4	
1	I	· · · · · · · · · · · · · · · · · · ·	1 ,

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1					Number of Garme Subject to Overti	
2	Subtract the number of days you					
3	have to produce the order from the number of 8 hour days you have to					
4	produce the order. Next multiply that number or fraction of a day by the					
5	number of garment you can pro-				000.00	
6	duce as a shop in one 8 hour day.				696.00 Labor Cost Per J	ob
7					Overtime	
8	Mulitply the Labor Cost Plus Taxes,					
9	Workers Comp and Unemployment by 1.5. Next multiply this product by					
10	the Number of Garments Subject to Overtime to arrive at the total over-					
	time cost.				\$2,714.40	
11						
12						
13						
14						
15		Monthly Operating Costs				
16						
17		Equipment and Supplies	Rent or Mort- gage	Utilities	Average Monthly	Costs
18	Add the total operating costs and					
19	divide by 30 to arrive at the Average Monthly Costs	\$650.00	\$2,500.00	\$300.00	\$115.00	
20					Operating Cost P	er Job
21	Multiply the Average Monthly Cost by the number of days you have to					
22	produce the order and then divide product by the number of days in					
	the month to compute the operating cost per job.				\$460.00	
23		Ī			\$460.00	
_ ,	cost per job.					
24	cost per job.				Total Actual Cost	for
24 25						for
	The total cost for the job is determined by adding the minimum wage					for
25	The total cost for the job is determined by adding the minimum wage labor cost to the overtime labor cost and adding on the operating cost				Job	
25 26	The total cost for the job is determined by adding the minimum wage labor cost to the overtime labor cost					

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1 Exhibit 3 2 3 Computing minimum wage and overtime on piecework: 4 Example 1: 5 Employee A produced \$200 in piecework and worked 40 hours 6 7 \$200 / 40 hours = \$5.00 per hourDifference = \$7.25 - \$5.00 = \$2.25 per hour (underpaid) 8 9 \$2.25 per hour x 40 hours = \$90.00 minimum wage due10 Example 2: 11 Employee B produced \$425.00 in piecework and worked 50 hours 12 \$425 / 50 hours = \$8.50 per hour13 \$8.50 per hour x 0.5 (half time) = \$4.25 per hour due for OT hours14 $$4.25 \times 10 \text{ hours} = $42.50 \text{ in overtime premium due}$ 15 Example 3: 16 Employee C produced \$365.00 in piecework and worked 50 hours 17 \$365 / 50 hours = \$7.30 per hour18 Difference in Reg. Rate = \$8.00 (State minimum wage) - \$7.30 = \$.70 per hour 19 $$.70 \times 50 \text{ hours} = $35.00 \text{ in regular rate due}$ 20 $\$8.00 \times 0.5$ (half time) x 10 hours of OT = \$40.00 in overtime premium due 21 Total Due: \$35.00 in regular rate and \$40.00 in overtime premium - \$75.00 22 23 24 25 26 27 28

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Exhibit 4

LEGAL NOTICE TO ALL EMPLOYEES

The Fair Labor Standards Act provides that all employees must be paid minimum wage for all hours worked. In addition, employees must be paid overtime, at a rate of time and one half their regular rate, for the hours they work over 40 in a workweek. All employees, whether they are paid **hourly** or on a **piece rate** basis are entitled to an overtime premium when they work over 40 hours.

To resolve a lawsuit brought by the **Department of Labor**, the **United** States District Court entered an Order forbidding Color Me Red, a garment manufacturer, from shipping goods sewn for its label on which employees were not paid the minimum wage or overtime required by the Fair Labor Standards Act.

Color Me Red wants to know if you are not being paid in accordance with the law. All employees who work in this establishment can help Color Me Red not to violate the Court's Order. You can call the U.S. Department of Labor, Wage and Hour Division, at (213) 894-6375 or Color Me Red at (213) 749-3134. Your name will not be disclosed.

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NOTICIA LEGAL A TODOS LOS EMPLEADOS

La Ley de Normas Razonables de Trabajo determina que se les debe pagar a todos los empleados el sueldo mínimo por todas las horas que ellos trabajen. A la vez, también estipula que cada empleado que trabaje sobre tiempo, más de 40 horas en una semana laboral, se les deberá pagar a tiempo y medio de lo que ganen por cada hora de sobre tiempo trabajada. Todos los empleados, independientemente de que se les pague por hora o por pieza, tienen derecho a que se les pague prima sobre tiempo cuando trabajan más de 40 horas en una semana laboral.

Para resolver una demanda laboral iniciada por el Departamento Del Trabajo, la corte del Distrito de los Estados Unidos expidió una orden que prohíbe a **Color Me Red**, una fábrica de ropa, de enviar la producción de etiquetas a sus distribuidores si en la fabricación de dichos productos no se les pago a los empleados el sueldo mínimo o el sobre tiempo requerido por la Ley de Norma Razonables de Trabajo.

Color Me Red quiere saber si no se les esta pagando adecuadamente a fin de cumplir con la orden de la Corte. Si usted piensa que no se le pago de acuerdo a lo que la ley indica, por favor llama al Departamento del Trabajo de los Estados Unidos, División de Horas y Salarios al (213) 894-6375 o a Color Me Red al número (213) 749-3134. Su nombre se mantendrá confidencial.

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1 모든 직원에게 법적 공지문 2 3 미연방의 공정 근로 기준법은 모든 직원들이 노동 시간에 따라 4 최소 임금을 받을 수있도록 규정하고 있습니다. 5 6 그리고 또한, 일주일에 40 시간 이상 근무하였을때 초과 시간에 1.5 7 배의 오버타임(초과 근무 수당) 임금을 지급하게 규정하고 8 있습니다. 9 10 모든 직원은 40 시간 초과 근무했을 때 시간제 임금을 받거나 생산 11 성과에 따라 임금을 받는것에 상관없이 초과 근무 수당을 지급받을 12 수 있습니다. 13 14 노동청이 제소한 소송을 해결하기 위해 미 연방 지역 법원은 공정 15 근로 기준법에 의해 의무화된 최소 임금이나 초과 근무 수당을 16 직원에게 지불하지 않은 물품을 의류 제조 업체인 Color Me Red 가 17 발송하지 못하게 명령하였습니다. 18 19 이 공장에서 일하는 모든 직원은 Color Me Red 20 법정 명령을 준수 할수 있게 도을 수 있습니다. 21 22 법에 따른 임금을 받고 있지 않다고 생각하신다면 지금 23 Color Me Red, (213) 749-3134 전화 하십시요. 24 25 아니면, 미연방 노동청, 임금과 시간 부처로 (213) 894-6375 전화 26

하십시요.

당신의 이름은 비밀로 보장됩니다.

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